

October 13, 2005

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Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

**Re: Ex Parte Submission – WT Docket No. 02-55 – Continued Qualifications Of Transition Administrator**

Dear Ms. Dortch:

Preferred Communication Systems, Inc. (“Preferred”) hereby submits the latest public report on the ongoing problems with a key member of the Transition Administrator team, BearingPoint, Inc., which is charged with overseeing implementing the complicated 800 MHz rebanding plan adopted by the Commission.

Respectfully, submitted

Preferred Communication Systems, Inc.

By:

Paul C. Besozzi



cc: Charles M. Austin

[washingtonpost.com](http://www.washingtonpost.com)

#### CORRECTION TO THIS ARTICLE

In the Oct. 12 Business section, the index on Page D1 incorrectly said that BearingPoint's pipeline of new contracts had "virtually run dry." The company's chief executive said its pipeline had flattened out in recent months.

## BearingPoint to Miss Filing

Workers Leaving Company as It Struggles to Regroup

By Ellen McCarthy  
Washington Post Staff Writer  
Wednesday, October 12, 2005; D04

BearingPoint Inc., the McLean consulting firm struggling to overcome accounting problems, told investors yesterday that it will not file its long-overdue 2004 financial results by the end of October, as previously expected.

The news, along with chief executive Harry L. You's warning that the company's prospects for new business contracts have flattened, sent BearingPoint's stock price down 7 percent.

The company's accounting troubles have triggered other problems, including an exodus of employees, an investigation by the Securities and Exchange Commission and pressure from lenders to clarify the company's finances.

At a New York meeting with analysts, BearingPoint executives said nearly 25 percent of the more than 15,000 employees have left the company so far this year. New people were hired to fill the vacant slots, and company officials noted that attrition among its top employees had fallen to 15 percent in the most recent quarter from 17 percent in the first quarter of the year.

You acknowledged, that the time spent on the company's accounting troubles was driving off employees. "Our people, in the recent past, feel they've been burdened too much . . . by having to participate in the audit, which has taken a huge chunk of people's time," he said.

Anurag Rana, an analyst with KeyBanc Capital Markets, said: "With all IT services companies, your assets are your people and when they start leaving, it is cause for concern."

The company's workforce utilization rate, a method of measuring how many hours consultants are doing work for clients, fell to 66 percent in the third quarter, down 1 percent from the third quarter last year. A utilization rate of 70 percent to 75 percent is the norm for consulting firms, said Joseph A. Vafi, an analyst at Jefferies & Co.

BearingPoint, which has not released financial results for 2004 or the first three quarters of 2005, has said its financial results going back to 2002 may be inaccurate. The SEC in September began an investigation of its financial controls, which the firm said were weakened in part by a new computer system.

The firm did not say when it would complete its official results.

Executives did say they expect the company to return to profitability in 2006 and projected gross revenue of \$3.5 billion to \$3.7 billion, a range that met most analysts' estimates.

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Some analysts, however, say they are frustrated because the lack of financial results limits their ability to assess the company's health and value. "Its hard to see what's really going on without those financial statements," said Sandra Notardonato, an analyst with Robert W. Baird & Co.

You also outlined plans to eliminate operations in some countries, shed expensive real estate leases and cut other costs. He also said the firm would focus on bigger deals. Of the 6,470 contracts the company reviewed for its 2004 financial results, a third were worth for less than \$15,000, You said.

"People were busy just for the sake of being busy, not for the sake of being profitable," he said.

The chief executive also said that its "pipeline," contracts on which it hopes to bid, turned flat in the past few months.

"We have had several quarters of pipeline growth and now that has decelerated," he said.

BearingPoint closed yesterday at \$7.13 a share, down 56 cents.

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